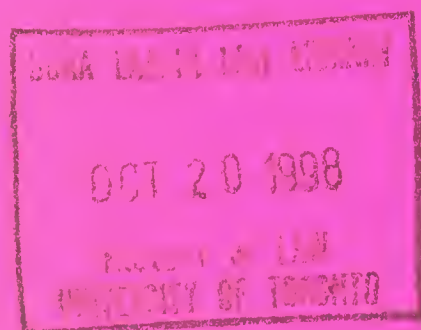


THE BANKING SYSTEM IN THE MODERN ECONOMY
(OCTOBER INTENSIVE)

Fall 1998

Professor Jonathan R. Macey

Faculty of Law
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The Banking System in the Modern Economy
University of Toronto Faculty of Law
Professor Jonathan R. Macey
October Intensive Course Reading List

1. October 7: Introduction to the Theory of Banking (some peculiarities of the U.S. system)

Reading:

(a) Jonathan R. Macey and Geoffrey P. Miller, Banking Law & Regulation, (second edition 1997) pp. 42 - 52, 495 - 520, and 524 - 555;

(b) Raghuram G. Ragan, "Why Banks Have a Future: Toward a New Theory of Commercial Banking," 9 Journal of Applied Corporate Finance 114 (1996).

2. October 8 and October 9, Banking and Corporate Governance

Reading

(a) Jonathan R. Macey and Geoffrey P. Miller, "Corporate Governance and Commercial Banking: A Comparative Examination of Germany, Japan and the United States," 48 Stanford Law Review 73 (1995);

(b) Bernard S. Black and Ronald J. Gilson, "Venture Capital and the Structure of Capital Markets: Banks Versus Stock Markets," 47 Journal of Financial Economics 243 (1998);

(c) Rafael La Porta, Florencio Lopez-De-Silanes, Andrei Shleifer, and Robert W. Vishny, "Legal Determinants of External Finance," 52 Journal of Finance 1131 (1997);

(d) Steven N. Kaplan, "Corporate Governance and Corporate Performance: A Comparison of Germany, Japan and the U.S." in *Studies in International Corporate Finance and Governance Systems*, Donald H. Chew, editor, Oxford University Press, 1997;

(e) David E. Weinstein and Yishay Yafeh, "On the Costs of a Bank-Centered Financial System: Evidence from the Changing Main Bank Relations in Japan," 53 Journal of Finance 635 (1998);

(f) Frank H. Buckley, "The Canadian Keiretsu," 9 Journal of Applied Corporate Finance 46 (1997).

3. October 13: Deposit Insurance & Capital Adequacy
Reading
(a) Jonathan R. Macey and Geoffrey P. Miller, *Banking Law & Regulation*, (second edition 1997) pp. 268 - 300;

(b) Jonathan R. Macey and Geoffrey P. Miller, "Deposit Insurance, the Implicit Regulatory Contract, and the Mismatch in the Term Structure of Banks' Assets and Liabilities," 12 *Yale Journal on Regulation* 1 (1995), (also available in French, see vol 6. No. 4, *Journal des Economistes et des Etudes Humaines*, L'Assurance des Depots, Le Contrat Reglementaire Implicite, et la Destruction des Echeances des Actifs et Passifs Bancaires, pp. 531-554 (1995);

(c) Jonathan R. Macey and Geoffrey P. Miller, *Banking Law & Regulation*, (second edition 1997) pp. 300 - 306.
4. October 14: Mergers and Community Reinvestment Issues
Reading
(a) Frederic S. Mishkin, "Bank Consolidation: A Central Banker's Perspective," *in* *Bank Mergers and Acquisitions*, Yakov Amihud and Geoffrey Miller, editors, Kluwer Academic Publishers, 1998;

(b) Roy C. Smith and Into Walter, "Global Patterns of Mergers and Acquisition Activity in the Financial Services Industry," *in* *Bank Mergers and Acquisitions*, Yakov Amihud and Geoffrey Miller, editors, Kluwer Academic Publishers, 1998;

(c) Jonathan R. Macey & Geoffrey P. Miller, "Bank Mergers and American Bank Competitiveness," *in* *Bank Mergers and Acquisitions*, Yakov Amihud and Geoffrey Miller, editors, Kluwer Academic Publishers, 1998;

(d) Jonathan R. Macey and Geoffrey P. Miller, *Banking Law & Regulation*, (second edition 1997) pp. 205 - 222
5. miscellaneous articles from the Canadian business press.
5. October 15: Bank Insolvency and International Banking
Reading
(a) Jonathan R. Macey and Geoffrey P. Miller, *Banking Law & Regulation*, (second edition 1997) pp. 608 - 631;

(b) Jonathan R. Macey and Geoffrey P. Miller, "Bank Failures, Risk Monitoring, and the Market for Bank Control," 88 *Columbia Law Review* 1153 (1988);

(c) Franklin Allen and Douglas Gale, "Optimal Financial Crises" 53 *Journal of*

Finance 1245 (1988);

(d) Jonathan R. Macey and Geoffrey P. Miller, *Banking Law & Regulation*, (second edition 1997) pp. 683 - 730;

(e) Hal S. Scott, "Supervision of International Banking Post-BCCI," 3 Georgia State University Law Review 487 (1992);

6. October 16: Central Banking and the European Union's Common Currency
Reading

(a) Paul W. Bauer, "A Beginner's Guide to the U.S. Payments System," Economic Commentary (Federal Reserve Bank of Cleveland), July 1, 1994;

(b) Angela Redish, "The Government's Role in Payment Systems: Lessons from the Canadian Experience," in Catherine England, editor, *Governing Banking's Future*, Cato (1991);

(b) Owen W. Haupage, "Central Bank Independence," Economic Commentary (Federal Reserve Bank of Cleveland), April 1, 1994;

(c) Geoffrey P. Miller, "An Interest-Group Theory of Central Bank Independence," 27 Journal of Legal Studies (issue 2, part 1) 433 (1988);

(d) Anil K. Kashyap and Jeremy Stein, "The Role of Banks in Monetary Policy: A Survey with Implications for the European Monetary Union," Economic Perspectives, (Federal Reserve Bank of Chicago), September/October 1997, p. 2;

(e) Rudi Dornbush, "Euro Fantasies," 75 Foreign Affairs, September/October 1996, p. 110.

